

QUARTERLY UPDATE: 3Q 2021 STEWARD LARGE CAP ENHANCED INDEX FUND COMMENTARY



written by
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Steward Large Cap Enhanced Idx Fund - Instl	
Ticker	SEECX
Inception Date	10/1/2004
Net Expense Ratio	0.55%
Primary Benchmark	S&P 500 TR USD

Top 10 Holdings

APPLE INC	4.06%
MICROSOFT CORP	3.86%
AMAZON.COM INC	2.79%
FACEBOOK INC	1.76%
TESLA INC	1.64%
NVIDIA CORP	1.60%
ALPHABET INC-CLASS C	1.56%
ALPHABET INC-CLASS A	1.49%
PAYPAL HLDGS. INC	1.14%
BERKSHIRE HATHAWAY INC	1.08%
Total % of Portfolio	20.98%

Markets and Performance

Growth outperformed value during the third quarter of 2021 as the COVID-19 Delta variant surged worldwide and held back the reopening trade. The Steward Large Cap Enhanced Index Fund returned 1.42%, beating the S&P 500 Index benchmark by 0.84%. For comparison purposes, the return for the S&P 500 Pure Growth Index for the same period was 4.68%, while the S&P 500 Pure Value Index was -1.14%.

Positive and Negative Contributors to Performance

The Fund's blended style structure remained tilted towards growth, allocating 60% large-cap core, 30% growth stocks, and 10% value stocks. The Fund is tilted towards growth to keep the sector weights in line with the benchmark. If the Fund were invested at its neutral tilt of 60% core, 20% growth, and 20% value, it would be dramatically underweight technology and overweight financials. The exposure to growth added 123 basis points (bps) while the exposure to value cost the Fund 17 bps. Overall, the allocations towards value and growth added 106 bps to performance compared to the S&P 500.

The performance of the Fund can also be affected by our values-based screening policies. For the quarter, the values-based screening policies positively impacted fund performance, adding six bps. Companies such as Pfizer (embryonic stem cell research), up 10.83%, HCA Healthcare (abortion) up 17.62%, and Thermo Fisher Scientific (embryonic stem cell research), up 13.31%, outperformed the S&P 500 benchmark. Screening out these three securities detracted 16 bps from performance. Conversely, not owning companies such as Johnson & Johnson (embryonic stem cell research), down 1.38%, UnitedHealth Group (abortion), down 2.07%, and Bristol-Myers Squibb (embryonic stem cell research), down 10.06%, positively impacted performance by nine basis points.

Looking Ahead

At this time, we plan to continue keeping the Fund tilted towards growth. As the economic surge from multiple stimulus bills and the reopening begins to normalize, we expect cyclical stocks to experience a slowdown in their revenue and earnings growth trajectory. This second derivative change usually leads to stock underperformance, which would allow growth to outperform.

Trailing Returns

	Qtr	YTD	1 Year	3 Years	5 Years	10 Years
Steward Large Cap Enhanced Index - Instl	1.42%	17.39%	34.34%	13.57%	14.97%	15.45%
S&P 500 TR USD	0.58%	15.92%	30.00%	15.99%	16.90%	16.63%

Our Firm

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